

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 ISO-00 SS-15 INR-10 A-01 OPR-02
PA-01 SP-02 SMS-01 NSCE-00 CIAE-00 COME-00 STE-01
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O 081346Z SEP 78
FM AMEMBASSY PRAGUE
TO SECSTATE WASHDC IMMEDIATE 6178
INFO AMEMBASSY BUCHAREST IMMEDIATE
AMEMBASSY BUDAPEST IMMEDIATE
AMEMBASSY BELGRADE IMMEDIATE
AMEMBASSY MOSCOW IMMEDIATE
AMEMBASSY WARSAW IMMEDIATE

C O N F I D E N T I A L PRAGUE 2442

E.O. 11652: GDS
TAGS: EAIR CZ XH
SUBJECT: SUSPENSION OF PAN AM SERVICES

REF: STATE 226048

1. WE FORESEE NO RPT NO SEVERE REPERCUSSIONS IN OUR
BILATERAL RELATIONS FROM SUSPENSION OF PAN AM SERVICES TO
PRAGUE SINCE IT OCCURS IN CONTEXT OF OVERLL SUSPENSION TO
USSR AND OTHER EE STOPS. CZECHOSLOVAKS INITIALLY MAY REGARD
THE SUSPENSION AS A NEGATIVE POLITICAL ACTION OR AS A
NEGOTIATING TACTIC TO GAIN ECONOMIC CONCESSIONS FOR THE
US AIRLINE. ONCE THEY FOCUS ON FACT, HOWEVER, THAT SERVICE
BEING SUSPENDED TO SOME NINE CITIES IN ADDITION TO PRAGUE,
THEY WILL PUT PAN AM ACTION IN PROPER PERSPECTIVE--SUSPENSION
OF SERVICE ON marginally profitable routes.

2. THEY MAY THEN REVEL IN KNOWLEDGE THAT US GIANT HAS
YIELDED DIRECT AIR SERVICE BETWEEN UNITED STATES AND
EASTERN EUROPE TO CSA AN OTHER COMMUNIST CARRIERS,
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DEPENDING, OF COURSE, ON FUTURE VALIDITY OF OUR BILATERAL
AIR TRANSPORT AGREEMENTS WITH THESE COUNTRIES.

3. IN ANY CASE, SUSPENSION OF PAN AM SERVICE HERE
HAS BEEN RUMORED FOR SOME TIME AND CANNOT SURPRISE
CZECHS VERY MUCH. LOCAL PAN AM REP COLLINS MAY HAS
EXPERIENCED ENDLESS DIFFICULTIES IN PRAGUE IN EFFORTS

TO SHOW EVENTHE REPORTEDLY SLIM PROFIT MARGIN ATTAINED
IN 1978. SENIOR PAN AM OFFICIALS VISITING HERE, HAVE
RECURRENTLY INDICATED TO US THEIR MAIN PURPOSE IN RE-
TAINING SERVICE TO PRAGUE HAS BEEN TO CAPITALIZE ON
HOPED FOR EXPANSION OF AIR CARGO BUSINESS, IF AND WHEN
US-CZECHOSLOVAK CLAIMS/GOLD PROBLEM IS SETTLED AND THE
WAY IS OPED FOR A CONSIDERABLE INCREASE IN OUR BILATERAL
COMMERCE--DEVELOPMENTS WHICH STILL APPEAR SLATED FOR THE
INDEFINITE FUTURE.

4. SUSPENSION WILL HAVE LITTLE IMPACT ON POST OPERATION.
TRAVELERS FROM PRAGUE WILL FIND GOOD FOREIGN AIRLINE
CONNECTIONS WITH US FLAG SERVICE TO FRANKFURT, AND
WE CAN READILY TRANSFER POUCH SERVICE TO ONE OF PAN AM'S
WESTERN EUROPEAN COMPETITORS.
BYRNE

NOTE BY OC/T: DISTRIBUTION CO-ORDINATED WITH S/S-O MR. MCCALLIE.

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